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ECONOMY

Small-Business Confidence Stays at Near-Record High

Lobbying group's optimism index is strong amid tight labor market



Small businesses account for most private-sector jobs in the U.S. and about half of all economic output. PHOTO: JORDAN STRAUSS/ASSOCIATED PRESS

By *Maria Armental*

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A strong labor market and high profit trends, along with historically low inflation, are keeping small-business owners' confidence at near-record levels, setting the stage for a strong fourth quarter, according to the National Federation of Independent Business.

The conservative-leaning small-business lobby said small businesses haven't experienced this level of labor-market constraints since the late 1990s, when fears that the year 2000 would wreak havoc in computers and digital networks fueled demand for computer and programming specialists.

This time around, labor shortages are more broadly distributed across industries, the NFIB said, adding that the percentage of small-business owners with one or more unfilled job openings is at a 45-year record level.

On Tuesday, the NFIB said its small-business optimism index remains strong at 107.4 in October, albeit down slightly for the second consecutive month following August's record reading of 108.8. The August reading broke the previous record of 108 set in July 1983.

Economists surveyed by The Wall Street Journal had expected a reading of 107.9.

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The NFIB survey is a monthly snapshot of small businesses in the U.S., which

account for most private-sector jobs and about half of the country's economic output.

Economists look to the report for a read on domestic demand and to extrapolate hiring and wage trends in the broader economy.

The NFIB survey results—based on responses from 1,743 small-business owners—mirror results from the University of Michigan's consumer-sentiment index, which fell in October to 98.6 and edged down to 98.3 in November.

The Conference Board, whose measure of U.S. consumer confidence is another key indicator economists use to gauge domestic consumer spending, said its October reading rose to an almost two-decade high driven by consumers' expectations of higher wages and a strong job market.

Wages rose in October at the fastest rate in nearly a decade, and the unemployment rate remained at a 49-year low, according to the Labor Department.

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